

# HISTORY OF THE DECLINE AND RECREATION OF TOWN CENTERS IN THE US

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## FACTORS CONTRIBUTING TO TOWN CENTER DECLINE

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Town centers in the United States over the past fifty (50) years have been under attack by a series of events and concepts that have affected the economic lifeblood of the town center -- its retail, restaurant, service and entertainment businesses. Federal and State governments, driven by the desire to improve the productivity of interstate and intrastate commerce focused on highway throughput, and as a result highways bypassed many town centers in order to improve the speed of transport vehicles through the area. In all cases of a bypass regardless of the size of the city, the downtown was affected negatively. Since most small town centers (less than 10,000 population) are vitally dependent on traffic generated business, they were negatively affected the most. In the cases of larger towns and cities there was usually enough economic movement to the area of the bypass to eventually recover some of the economic impact. However, the down towns of these towns and cities were never the same.

The advent of the shopping mall was an attempt to recreate the retail experience of a town center. Malls were created first with an out door design, but then rather quickly went to indoor, climate controlled facilities in attempts to "always have a good day to shop." These shopping malls first affected the town centers of the larger cities. The concept has continued to develop into "mega" malls (e.g., Katy Mills Mall) and outlet centers (e.g., San Marcos) that have become destinations in their own right, affecting all towns, both large and small within a one to three hundred mile radius. Meanwhile, small town centers were more directly affected by strip shopping malls and franchise restaurants that developed all along the bypasses.

As population grew and national retailing became more sophisticated the "big box" stores were developed to feed the retail frenzy. Whereas big box stores such as Target and K-Mart stayed in the urban and suburban environments, Wal-Mart purposefully developed a strategy to go to the small town and more rural environments. The impact of having a Wal-Mart move into any small town was devastating to the businesses of that town's center.

The impacts of other retailing innovations, such as "power centers" and "E-commerce" are not yet fully known for small town centers. Because of the population densities required to support a power center, the development of a power center on the outskirts of a town with a population less than 50,000 has not yet occurred. The impact of E-commerce on small town centers can be either positive or negative, depending upon on how the town's businesses exploit the new technology. Traditionally, rural residents have been large supporters of catalogue sales. So, it is expected that as Internet access is made more widespread to rural residents that E-commerce activities will follow.

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## ATTEMPTS TO REVITALIZE TOWN CENTERS

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Over the years many approaches and attempts have been made to counter the effects of bypasses, malls, big box stores and more on town centers across the United States. Three significant attempts are: Urban

Renewal; the Pedestrian Mall; and Historical/Heritage Preservation/Restoration.

One of the first methods for revitalization of town centers was Urban Renewal. Developed first for large cities with urban decay, then applied to former industrial towns, then later to the more rural environments. For the most part this approach failed because it actually destroyed what fabric of the town center that existed by creating single use regions that were not viable. During the process of urban renewal many historically significant buildings were razed, robbing the community of an important part of its heritage.

The next methods to be applied to the revitalization of town centers were concepts called Pedestrian Malls. Vehicle traffic was viewed as negative and therefore the idea was to close off some set of the town center's streets to all vehicle traffic, and thus open the entire area up to pedestrian traffic. In a large part, these concepts were applied to the town centers of small to medium sized towns, that had in most instances been missed by urban renewal. There were mixed results.

The most recent approach to the revitalization of town centers is to build on the existing historic buildings to preserve the town center's unique heritage and recreate an environment that encourages economic development. This approach was formalized in 1980 in the National Main Street Program. Since its inception approximately 1,400 towns and cities have taken the steps of becoming a Main Street participant. In addition, twenty states, including Texas have taken the steps of creating a state wide Main Street program.

## **NATIONAL MAIN STREET PROGRAM**

### **OVERVIEW**

Since 1980 the National Main Street Center of the National Trust for Historic Preservation has been working with communities across the nation to revitalize their historic or traditional commercial areas. Based in Historic Preservation, the Main Street approach was developed to save historic commercial architecture and the fabric of American communities' built environment, but has become a powerful economic development tool as well.

The Main Street program is designed to improve all aspects of the down town or central business district (CBD) producing both tangible and intangible benefits. Improving economic management, strengthening public participation, and making down town a fun place to visit are as critical to Main Streets' future as recruiting new businesses, rehabilitating new buildings and expanding parking. Building on down town's inherent assets -- rich architecture, personal service, and traditional values and most of all, a sense of place -- the Main Street approach has rekindled entrepreneurship, down town cooperation, and civic concern. It has earned national recognition as a practical strategy appropriately scaled to a community's local resources and conditions. And because it is a locally driven program, all initiative stems from local issues and concerns.

### **APPROACH**

The Main Street Four Point Approach is:

- Design -- Enhancing the physical appearance of the commercial district by rehabilitating historic buildings, encouraging supportive new construction, developing sensitive design management systems, and long term planning.

- Organization -- Building consensus and cooperation among the many groups and individuals who have a role in the revitalization process.
- Promotion -- Marketing the traditional commercial districts' assets to customers, potential investors, new businesses, local citizens and visitors.
- Economic Restructuring -- Strengthening the district's existing economic base while finding ways to expand it to meet new opportunities and challenges from outlying development.

### **PRINCIPLES**

The Main Street Program is based on eight principles:

- Comprehensive -- A single project cannot revitalize a down town or commercial neighborhood. An on going series of initiatives is vital to build community support and create lasting progress.
- Incremental -- Small projects make a big difference. They demonstrate that "things are happening" on main street, and hone the skills and confidence the program will need to tackle more complex problems.
- Self-help -- Although the National Main Street Center can provide valuable direction and hand-on technical assistance, only local leadership can initiate long term success by fostering and demonstrating community involvement and commitment to the revitalization effort.
- Public/Private Partnership -- Every local Main Street Program needs the support and expertise of both the public and private sectors. For an effective partnership, each must recognize the strengths and weaknesses of the other.
- Identifying and Capitalizing on Existing Assets -- One of the National Main Street Centers' key goals is to help communities recognize and make the best use of their unique offerings. Local assets provide the solid foundation for a successful Main Street initiative.
- Quality -- From storefront design to promotional campaigns to special events, quality must be the main goal.
- Change -- Changing community attitudes and habits is essential to bring about a commercial district renaissance. A carefully planned Main Street Program will help shift public perceptions and practices to support and sustain the revitalization process.
- Action Oriented -- Frequent, visible changes in the look and activities of the commercial district will reinforce the perception of positive change. Small, but dramatic improvements early in the process will remind the community that the revitalization effort is underway.

### **NATIONAL MAIN STREET PROGRAM SUMMARY**

Since the National Main Street Program was initiated:

- 1,400 cities and towns have had Main Street Programs
- \$10.9 Billion investment by public and private sources
- An average of \$5.1 Million investment per town or city
- For every dollar invested in the operation of a Main Street Program, \$35 is generated for investment
- 174,000 new jobs
- 47,000 new businesses
- 60,900 buildings rehabilitated

- Programs last on average 5.6 years

## NATIONAL MAIN STREET TRENDS

There are approximately 1,200 communities actively involved in revitalizing their historic down towns and neighborhood commercial districts. Over 400 hundred communities participated in a survey in 1999 of the economic impacts of Main Street Programs. Among the survey's major findings are:

- Retail Sales Are Increasing -- 65% reported increases in retail sales. Only 3% reported a decrease.
- Ground Floor Occupancy Rates Are Up -- 57% reported higher ground floor occupancy in 1999 compared to 1998.
- Upper Floor Occupancy Rates Are Climbing -- 33% reported higher upper floor occupancy rates.
- Number of Retail Businesses Increase -- 58% reported more retail businesses in 1999 than in 1998.
- The Number of Main Street Businesses Using the Internet Is Growing Dramatically -- 84% reported there were more businesses using the Internet in 1999 than in 1998.
- "Location Neutral" Businesses Continue to Move Into Main Street Districts -- 24% reported an increase in the number of businesses whose trade area is not confined geographically.
- More People Are Living On Main Street -- 33% reported an increase in housing units in Main Street Districts.
- The Number of People Attending Events Is Increasing -- 83% reported that the number of people attending festivals and special events in Main Street Districts increased in 1999.
- More Locally Owned Businesses -- 50% reported more locally businesses in 1999 than 1998 in their Main Street Districts.
- Property Values Are Increasing -- 67% reported that property values were higher in 1999 in Main Street Districts than in 1998.
- Smaller communities reported more dramatic increases in numbers of personal service businesses and numbers of businesses using the Internet, both of these underscore changes in retailing in small towns. Retail businesses in small down towns are finding that the Internet provides a mechanism for reaching larger numbers of customers. Businesses using the Internet fall into three broad categories:
- Provide Better Service to Their Existing Local Customers -- The Front Street Pub, Greenville, AL, uses its web site to list its schedule of live music, information on the Pub's ongoing billiards tournament and to sponsor a chat room for customers. Osborn Drugs, Osborn, OK, lets customers refill prescriptions from its web site and provides links to other pharmaceutical web sites.
- Augments Sales In Their Stores or Offices -- Footwise, Corvallis, OR, specializing in Birkenstock shoes and sandals offers the largest selection of Birkenstock's on the Internet, attracting customers from throughout the world. Whitestone, Livermore, CA, is a bookstore utilizing a similar strategy.
- Almost Exclusively Internet Based, With Few Local Customers -- Kringle Kottage, Scottsbluff, NB, now sells most of its collectible ornaments and figurines through the auction site e-Bay. RJB-The Diner Store, Munedeline, IL, sells jukeboxes, diner fixtures and other 1950s/60s diner related nostalgia items to customers throughout the world.
- Many survey respondents listed high-tech companies among those moving into their historic commercial districts. Again, expanding a trend which has emerged in the National Main Street Trend Survey every year since 1996.

### **EXAMPLES OF MAIN STREET PROGRAMS**

There are presently seventy-nine Main Street Cities with web sites listed in the National Main Street program web site. As can be seen in the graph below, the majority of the cities are between 10,000 and 30,000 population. There are 23 Main Street Cities on the web that have populations of less than 10,000 people. Of these cities, with populations less than 10,000:

- An average of two years was required to get Main Street designation
- The average age of the program is five years
- An average of four new businesses per year were created

As each Main Street Programs is tailored to the needs of the city, within the loose structure of the National and State Main Street Programs, the tools used by each city to affect a change in their town centers is different. All of the City Main Street Programs had a web site and all had a formal board or committee and paid staff. These are basic requirements of the Main Street Program. However, beyond those, there was little agreement as to what tools were the most important for success. Listed below in order of frequency of use are some examples of tools mentioned two or more times:

- Events in the Town Center
- A Main Street Program newsletter
- Coordinated, thematic dress up of Town Center
- Consulting & training for business owners
- Master land use plan for Town Center
- Improvements of sidewalks
- Creation of historic district
- Development of resource library
- Farmers/crafts market in Town Center
- Landscaping & beautification

In addition, other tools mentioned were: improved window displays, façade grants, design grants, renovation grants, renovation loans, façade loans, street improvements, development of a river walk, more parking lots, restored railroad station, murals on building walls, tax abatements, frequent shopper programs, creation of an assessment district to fund program, recognition awards for businesses, signage program, town center directory & map, volunteer handbook, sign grant program, sales tax exemption on building materials, memorabilia and novelties, and a live mascot (a very friendly cat that lived in the Main Street Office).

### **THE TEXAS MAIN STREET PROGRAM**

The Texas Main Street Program is part of the Texas Historical Commission's Community Heritage Development Division. The Texas Main Street Program helps Texas cities revitalize their historic down towns and neighborhood commercial districts by utilizing preservation and economic development strategies.

Each year the Texas Historical Commission typically selects up to five Texas cities and urban areas as official Texas Main Street cities. The 1999 Texas Main Street cities were Gatesville, Gladewater, Shiner, Taylor, and Whitewright. However, in 2000, sixteen (16) cities were selected as Texas Main Street participants from a pool of seventy-six (76) applicants. The 2000 Main Street cities are -- Beaumont, Breckinridge, Celina, Clifton,

Denton, Elgin, Fort Stockton, Garland, Gilmer, Goliad, LaGrange, Nacogdoches, New Braunfels, Rusk, San Marcos, Seguin.

Selected cities are eligible to receive:

- Training For Main Street Managers and Board Members
- Training In Successful Economic Development Approaches
- On Site Evaluation (3-day) and Full Report With Recommendations
- Identification and Assistance with Architectural Elements, such as Façade Drawings and Education of Business Owners in Proper Maintenance Techniques
- Consultation with Down Town Merchants About Visual Merchandizing and Window Displays
- Advice on Heritage Tourism and Marketing

The Texas Main Street Program, affiliated with the National Main Street Program, was begun in 1981. It is one of the most successful down town revitalization programs in the nation. It has assisted 125 Texas cities since its inception. The program has resulted in:

- Reinvestment of More Than \$582 Million in Texas Down Towns and Neighborhood Commercial Districts
- Creation of More Than 14,000 Jobs
- Establishment of More Than 3,600 New Businesses

Texas cities with historic commercial buildings in their down towns and neighborhood business districts may apply for Texas Main Street designation. Applications must be received by the last working day of July each year for the following program year. To be eligible to apply cities with less than 5,000 population must make a three (3) year commitment of staffing and funding. It is recommended that a full time Main Street manager be hired. However, to be eligible for Texas Main Street designation an at least half-time manager is required.

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#### **ECONOMIC TRANSFORMATION**

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The world is in the middle of an economic transformation, driven by information technologies, changes in social norms, a political trend toward capitalism, increase in the number of young people rivaling the baby boom, and an unprecedented increase in the number of people over the age of 65. These driving forces are coupled with a current situation in the US where unemployment is at its lowest point in history and Congress has removed the barriers to earnings for people collecting social security. Small towns are just beginning to take advantage of these driving forces to transform their town centers into Twenty First Century economic engines.

Given this new reality, a small town can no longer rely solely on Historic Preservation and Restoration for its economic salvation.

"In the past generation, American communities and local governments have tried a long list of strategies in an effort to revive their down town commercial corridors. Most of them have been failures, from the massive urban renewal projects of the 1950s to the pedestrian shopping malls of the 1960s and 1970s and the hotel/convention center projects financed by Federal subsidies in the 1980s. Planners have tried tearing down older shopping blocks and replacing them with suburban style down town malls; they have even, in a few cases, bulldozed entire down towns and built malls and parking lots on the empty grounds. This approach,

too, has nearly failed.

During the 1990s, an increasing number of communities have switched to a strategy of historic preservation, which has been demonstrably more successful. Towns and cities that considered their Victorian shopping districts to be eye sores a decade ago are now promoting them as tourist attractions and drawing large weekend crowds. Preservation is a powerful economic development tool, but its potential has yet to be realized in countless other communities around the country.

In the end, though, it is not physical preservation or any special feature at all that brings an urban retail corridor to health. It is return of a commerce based on human interaction, on stable relationships, on the small comforts that derive from the intercourse of buyer and seller, professional and client, week after week and year after year, during all the seasons of ordinary life. Those relationships have eroded in recent times, but they are starting to return, for the simple reason that people realize what has been lost."

---Douglas Merriam, *Preservation* (July/August 1999)

The ingredients that are necessary for a small town to take advantage of the economic transformation are:

- A Rich Texture -- To fulfill the human need for a sensory experience, a diversified set of aesthetically pleasing sounds, smells, visual and taste stimuli are required. Historic Preservation can provide visual texture.
- Human Scaled -- Highly valued is the ability to walk around with convenience and safety. This requires a physical environment, which is visually interesting that encourages people to get out of their cars and spend time. It must be pedestrian friendly.
- Interaction -- By putting humanity back into the daily transactions of life and thus encourage people to enjoy the cultivation of new relationships. This requires places of interaction, such as a coffee shop or pub, and the development of a caring approach and interest in the customer by the merchant.
- Mixed Use -- The appropriate mix of retail, commercial, entertainment, restaurants, government, parks and residential that allows continuous utilization of the properties involved.
- Freedom and Choice -- Nor just the freedom to sip espresso and order fresh salmon, but the freedom to do business anywhere on the globe, to communicate with London or Tokyo in a matter of seconds, to live in a safe environment without making the economic or cultural sacrifices that such a choice would have entailed a generation ago.
- A Commitment to Enabling Technologies -- Making businesses more efficient and effective and thus assuring competitiveness in both local and a world marketplace. This requires the city to focus on a communication infrastructure. It also requires that individual businesses exploit information technologies to improve efficiencies of day to day operations, improve communications with suppliers, improve service to existing customers and to improve marketing efforts.
- A Passion for Continuing Education -- In this economy a businesses' greatest asset is its people. The way to sustain competitive advantage is through the care and nurturing of the brains in the business. This means not only higher education accessibility, but also available ongoing training of all types to keep everyone knowledgeable and current.
- A Desire to Positively Affect the Future -- It is important to maintain roots while not getting stuck in the past. People need to positively embrace change while being able to discern what elements of the past to hold onto. It is necessary to have a shared vision of what the town can be in the future to assure that the town doesn't get pulled apart.

- Local Capital -- It is necessary to have some form of local capital available for investment in the community. If the people and organizations in the local community don't commit to helping in investment for growth, it is next to impossible to get outside groups interested. Moreover, the nature of the investment often times will not "pass muster" on a global scale, so it has to be supported locally by people who know the people making it happen. Capital can be provided by individuals, successful local businesses, financial institutions, community foundations, designated city or county tax revenue and investment organizations.
- Civic Capacity -- Organizations and individuals who provide the means, capability and leadership to move the community forward
- A Majority of Locally Owned Business -- "Locally owned and operated" is an imperative to get local money flowing for investment, and the business owners need to be voting members of the community so that they have a say in city policy decisions. The transformation will require long term commitment, and only those with significant stakes in the outcome will be willing to see it through.
- A Strong Identity -- This is a two-sided coin. First is the sense of belonging and pride. From the outward perspective it is easier to market and differentiate (branding) the town and get "share of mind" of the visitor or tourist

### **THE BENEFITS OF TOWN CENTER REVITALIZATION**

The most important benefits of Town Center Revitalization include:

- Best Utilization of Existing Infrastructure -- Making use of existing infrastructure (water, sewer, roads and sidewalks) negates the need to build new more expensive infrastructure elsewhere. Cities typically develop outside their city limits, requiring the extension and sometimes development of new infrastructure to meet development needs. Focusing on the core of the city can, when coupled with a comprehensive town center development program, show better return on investment for the city.
- Increased Tax Revenue -- Both sales and ad valorem tax revenues are increased because of the higher revenue brought in by businesses and the increased property values.
- Asset Appreciation -- The value of the buildings and land increase, thus increasing wealth in the community.
- Higher Productivity in Businesses -- More revenue enables businesses to invest more in themselves. Increased revenue is the result of increased customer traffic because the town center is viewed as a destination. Both cooperation and competition increase as business owners as a whole see merit in increased efficiency and effectiveness.
- Higher Wages/More Jobs -- As the businesses become more successful they pay better wages and create more jobs.
- Efficient Use of Land -- Economic forces created by the Town Center drive the highest and best use of land.
- Enables Building Rehabilitation -- By making the Town Center a retail destination, there is economic incentive to rehabilitate buildings within the Town Center.
- Residents Save Time & Money -- Residents can take advantages of the retail, entertainment, restaurants and services of a Town Center reducing the amount of time and money spent traveling to other destinations.
- Reduce Leakage Out of Local Economy -- As residents spend more of their money in the Town Center, they spend less in other destinations thereby reducing leakage from the local economy.

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